

1 APRIL 2020

ASX: SKY

SKY ADVANCES THE CULLARIN GOLD PROJECT IN NSW

CULLARIN & KANGIARA PROJECTS

- ◆ SKY has completed the Option Fee Expenditure on Cullerlin & Kangiara Projects in NSW
- ◆ SKY has elected to spend a further \$1.6M to earn 80% of both projects.
- ◆ Drilling commenced at the Hume Target to follow up drillhole HUD002 (**93m @ 4.24g/t Au**)

The Board of SKY Metals Limited ('SKY' or 'The Company') is pleased to provide an update on its Cullarin & Kangiara Gold Projects located approximately 20km west of Goulburn & approximately 40km north of Yass, respectively, in NSW (**Figure 1**)

CULLARIN & KANGIARA GOLD PROJECTS - (EL 7954; SKY EARNING 80% FROM HRR)

Sky Metals Limited (SKY) has notified Heron Resources Limited (Heron or HRR) that it has now met the Option Fee Expenditure of the Farm-In and Joint Venture Agreement (ASX SKY 9 October 2019). SKY has expended in excess of A\$400,000 across the Cullarin and Kangiara Projects ("Projects") within the 12 month Option period.

Furthermore, SKY has notified Heron that it has elected to proceed to earn an undivided 80% equity interest in the Tenements pursuant to the Agreement by the expenditure of a further \$1.6M within three years. Share options previously issued to Heron pursuant to the Agreement will now vest - 10 million options with a 24 month term with an exercise price of \$0.15.

DRILLING COMMENCED AT HUME TARGET

Drilling has commenced at the Hume Target, Cullerlin Project, as part of a 1,500m diamond core drill programme to follow up the exceptional result in hole HUD002 (**93m @ 4.24g/t Au**, ASX SKY: 10 February 2020). The drilling programme remains subject to advice on any restrictions on normal business activities associated with COVID-19 imposed by the Australian and/or NSW government. SKY and its contractors have modified their work practices in order to manage and minimise risk associated with COVID-19. SKY maintains a clear focus on protecting the safety, health and wellbeing of our community, staff and contractors.

SKY CEO Mark Arundell commented; *"Less than six months after signing the Farm in and JV Agreement with Heron, SKY has reached its first milestone and will now proceed to earn 80% of the Cullarin and Kangiara Projects. Executing SKY's forward exploration programmes, including the drilling programme to follow up the outstanding gold results from drillhole HUD002 from the Hume Target, will enable SKY to rapidly move to 80% ownership of the Projects. Also, over 1,500 samples of historic drillcore & soils are currently being assayed allowing SKY, at low cost, to understand and evaluate the potential of the Hume Target."*

This announcement is authorised for release by SKY's Board of Directors.

ABOUT SKY (ASX: SKY)

SKY is an ASX listed public company focused on the exploration and development of high value mineral resources in Australia.

SKY's project portfolio offers exposure to the gold and tin market in the world class mining jurisdiction of NSW.

GOLD PROJECTS

SKY's emerging gold exploration strategy leverages the SKY exploration team's significant combined experience during the early stages of the McPhillamys gold discovery (60Mt @ 1.05g/t Au for 2.03MOz, NPV of ~ \$800M @\$1800/oz, Regis Resources Ltd 2017). The McPhillamys mineralisation represents a distinct and economically important gold target style in NSW. The McPhillamys Gold Deposit was discovered in 2006 during the Alkane/Newmont 'Orange District Exploration Joint Venture' and is currently being advanced by Regis Resources Ltd, with a proposed 7Mt/annum mining operation (ASX RRL 8 September 2017).

CULLARIN EL7954 / KANGIARA EL8400 & EL8573, HRR FARM-IN

Under the HRR farm-in, SKY may earn up to an 80% interest in the projects via the expenditure of \$2M prior to the formation of a joint venture (ASX: 9 October 2019). Highlight, 'McPhillamys-style' gold results from previous drilling at the Cullarin Project include 148.4m @ 0.97 g/t Au (WL31) including 14.6m @ 5.1 g/t Au from 16.2m, and 142.1m @ 0.89 g/t Au (WL28) including 12m @ 4.4 g/t Au from 25.9m. The Cullarin Project contains equivalent host stratigraphy to the McPhillamys deposit with a similar geochemical (multielement pathfinders), geophysical (magnetics, radiometrics & IP) and alteration (white mica) signature. SKY's maiden drill programme to follow up this historical work has been very successful including core hole HUD002 which returned **93m @ 4.2 g/t Au from 56m**.

DOURO PROJECT (EL8915, EL8920 100% SKY)

Highlight, 'McPhillamys-style' gold results from previous exploration at the new 100% SKY tenements (Douro Project) include 36m @ 1.2 g/t Au from 0m to EOH in drillhole LM2 and Costeaning: 81m @ 0.87g/t Au in a costean on EL8920 at the Douro Project. At the Caledonian Prospect, the distribution of multiple historic drill intersections indicate a potentially large mineralised gold zone with discrete high-grade zones, e.g. 6m @ 8g/t Au recorded from lode at historic Caledonian Mines (GSNSW). A strong, robust soil gold anomaly (600 x 100m @ +0.1ppm) occurs and most drillholes (depth ~25m) terminate in the mineralised zone

TIN PROJECTS

TALLEBUNG PROJECT (EL6699, 100% SKY)

The Tallebung Project is located approximately 70km north-west of Condobolin in central NSW. The project encompasses the historic Tallebung Tin Mining Field at the northern extent of the Wagga Tin Belt within the central Lachlan Orogen and is considered prospective for lode and porphyry-style tin - tungsten mineralisation.

DORADILLA PROJECT (EL6258, 100% SKY)

The Doradilla Project is located approximately 30km south of Bourke in north-western NSW and represents a large and strategic tin project with excellent potential for associated polymetallic mineralisation (tin, tungsten, copper, bismuth, indium, nickel, cobalt, gold).

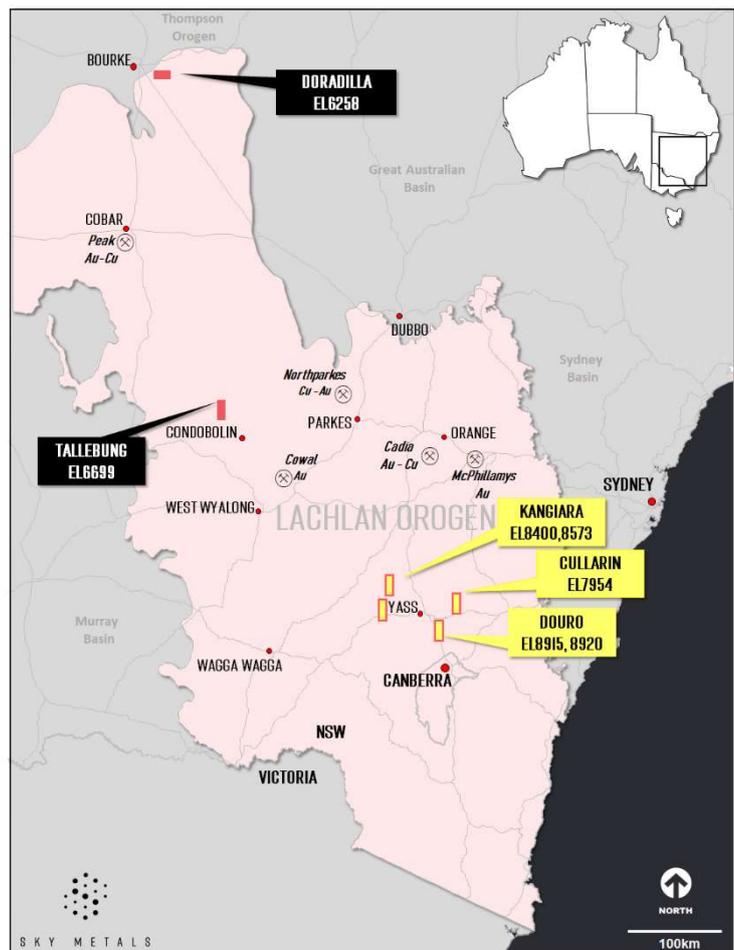


Figure 1: SKY Location Map

COMPETENT PERSONS STATEMENT

The information in this announcement that relates to geology and exploration results and planning was compiled by Mr Mark Arundell, who is a Member of the Australasian Institute of Geoscientists (AIG) and an employee, and CEO of Sky Metals Ltd. Mr Arundell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Arundell consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

PREVIOUSLY REPORTED INFORMATION

The information in this report that references previously reported exploration results is extracted from the Company's ASX market announcements released on the date noted in the body of the text where that reference appears. The previous market announcements are available to view on the Company's website or on the ASX website (www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

DISCLAIMER

This report contains certain forward-looking statements and forecasts, including possible or assumed reserves and resources, production levels and rates, costs, prices, future performance or potential growth of Sky Metals Ltd, industry growth or other trend projections. Such statements are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors which are beyond the control of Sky Metals Ltd. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Nothing in this report should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities.

This document has been prepared in accordance with the requirements of Australian securities laws, which may differ from the requirements of United States and other country securities laws. Unless otherwise indicated, all ore reserve and mineral resource estimates included or incorporated by reference in this document have been, and will be, prepared in accordance with the JORC classification system of the Australasian Institute of Mining, and Metallurgy and Australian Institute of Geoscientists.